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MAY 19 1981

The Honorable Richard B. Russell
 Chairman
 Senate Committee on Armed Services
 Washington 25, D. C.

Dear Mr. Chairman:

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ER file

I appreciated very much the opportunity to discuss with you the problem of financing the new CIA headquarters installation. The purpose of this letter is to summarize, for your information and records, the facts in this matter as we now see them.

Our original estimate of the cost of construction of our new building was \$55,000,000, the original estimate of the Public Buildings Service was \$50,800,000, and after our discussions with the Bureau of the Budget we requested the Congress for an authorization of \$50,000,000. Our final authorization, which was contained in the Military Construction Act of 1955 (P. L. 161, 84th Congress), was \$46,000,000.

Since the enactment of authorizing legislation, and since the enactment of P. L. 219, 84th Congress, which provided an initial appropriation sufficient to permit the drawing up of plans and specifications for the building and certain other preliminary steps, we have prepared detailed cost estimates as a basis for an appropriation request. Although we attempted to live within our authorization, we have been advised both by our architects and by the General Services Administration that it would be impossible to construct a building which would house all of our employees, even under the most austere standards and conditions, for \$46,000,000. Since the original cost estimate of \$50,800,000 was made by the Public Buildings Service in March of 1955, the building cost index has increased by 5.7%, and the trend continues upward. It is now estimated that under the present authorization, a reduction from original plans of 100,000 square feet of net usable space would be required in the building, which in turn means that we would be unable to house several hundred of our employees. Current estimates indicate that roughly \$56,000,000 would now be required in order to permit construction and site development of facilities which would house all Agency personnel. This estimate is subject to change as more detailed plans and specifications are drawn, but, taking all factors into consideration, it is highly unlikely that the final estimate will be any lower than this amount.

Despite the foregoing, we feel there are good and sufficient reasons to proceed immediately with an appropriation request for the full amount presently authorized, and this request is now before the Congress. Although 300,000 square feet of usable space will have to be sacrificed, the building now proposed would provide space for all of our employees who are now housed in temporary buildings, thus permitting the evacuation of that space so that its demolition will be possible in accordance with Government plans for urban renewal in the District of Columbia, and as required by the act authorizing our building. The total number of buildings occupied by the Agency would be considerably reduced, with resultant benefits. Finally, any further delay, in addition to perpetuating excessive operating costs, may occasion an appreciable further increase in construction costs, thereby further reducing the space that could be provided with the funds available. Our architects have planned the building so that additions can be made without difficulty if and when additional funds are authorized and appropriated. Power, communications, heating, air conditioning and other facilities will be constructed so as to accommodate a larger building than we would be able to construct under our present authorization and appropriation request. Under this procedure, we can foresee no waste or needless expense if a later decision is made to enlarge the building.

I believe this summarizes the status of our building problem. As I indicated to you during our conversation, I will keep you informed of further developments, and I would appreciate an opportunity to appear before your subcommittee on the Central Intelligence Agency early in the next session of the Congress to give you a clear and up-to-date picture on the situation. May I say again that I am most grateful for your invaluable counsel and advice on this as on all other matters which we have brought before you.

In accordance with our discussion, I am sending a copy of this letter to Senator Saltonstall.

With kindest regards.

JSR
IG:NSPAul/blc (18 May 56)

Orig. & 1 - Add

1 - DCI 1 - DD/S 1 - Comptroller
1 - Legis. Counsel 1 - OL/BPS 1 - OGC

Concurred in by Col. White

Sincerely,

SIGNED

Allen W. Dulles
Director